The Impact of Urban Industrial Structure on Citizen Income: Evidence from China

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Abstract:

Technology advancements and the rise of new sectors have caused a steady shift in the urban industrial structure of cities. It is crucial to adopt effective policies to ensure that the industrial structure is conducive to economic development. This study aims to investigate the specific impact of urban industrial structure on residents' income and how it promotes economic development from the individual level to the city level. Based on data from 5900 prefecture-level cities from 2003 to 2022, the empirical results show the following: (1) Urban industrial structure can significantly benefit both urban and rural residents' income positively, albeit with a larger marginal effect for urban residents. (2) Enhancing urban industrial structures, rationalizing industrial structures, and upgrading industrial structures can considerably close the economic disparity between urban and rural areas in the corresponding locations. In light of these findings, policymakers should prioritize optimizing urban industrial structures for broader income growth. Balancing industrial reforms between urban and rural areas is crucial for sustainable economic development.

Keywords: Urban industrial structure;Citizen income;Urban-rural income gap.

1. Introduction

In 2021, China's urbanization rate will reach 64.72%, and will soon enter the late stage of urbanization. Through a comparative analysis of the pioneer countries that have achieved high-quality urbanization, the catching-up economies, and the Latin American countries that have failed to achieve high-quality urbanization, it is not difficult to find out that the importance of whether we can seize the opportunities of industrial upgrading and industrial transfer brought about by the technological revolution far exceeds the initial endowment, and that the benign interaction between the continuous upgrading of the industry and the dynamics of urban governance will help us to achieve high-quality urbanization.

Britain, Germany, the United States, and other pioneering countries, basically before and after the Second World War entered the late stage of urbanization, but its industrialization and urbanization without precedent followed, after a hundred years or so of long exploration, urbanization before entering a high-quality and stable development stage.

There is no precedent for the industrial development of the pioneering countries, still the outstanding common feature is that they seized the opportunity of scale compensation increment and industrial restructuring triggered by the three technological revolutions, and the industrial structure has realized the sequential, gradual, and sustained leap of "light industry-heavily industrialized industry-service industry". It should be pointed out that the British Industrial Revolution was the most successful one in the world.

It should be pointed out that before the industrial revolution in Britain, two centuries of unbroken economic growth had laid a solid basis. In the last few years, the early-mover countries' service industries have been steadily modernizing, with the share of knowledge- and technology-intensive service industries gradually exceeding that of labor-intensive service industries. The share of production services in the service industry of the United States has risen from 31.87% in 1950 to 49.77% in 2021, and the share of social services has risen from 10.45% to 15.08%; while the share of distribution services has declined from 51.26% in 1950 to 29.84% in 2021.

Concerning income inequality, some studies have found that the growth of particular businesses may cause income gaps to widen.[9]. However, these studies often lack an in-depth analysis of the impact of industrial structural changes on social classes and different population groups.

In 2023, after three years of the epidemic and facing severe challenges to economic growth, how to sustain the growth of residents' income is being paid more and more attention. On the one hand, according to the National Bureau of Statistics, the number of middle-income groups

exceeds 400 million; On the other hand, according to the 2019 resident income data, 300 million people make less than 1,000 yuan a month in China.

Macro data shows that, in comparison to the three years before the pandemic, the growth rate of the nation's citizens' per capita disposable income has dramatically decreased. From 2014 to 2019, this growth rate was close to 7%, and in 2020, it dropped from 5.89% in 2019 to 2.1%, although it rebounded to 8.1% in 2021, and it fell again to 2.9% in 2022.

Notably, three years following the outbreak, residents' per capita disposable income as a percentage of national per capita consumption expenditure fell off quickly as well - from 2011 to 2019, the proportion was above 70%, and the average annual decline was less than 1 percentage point. However, in 2020, the proportion dropped from 70.4% in the previous year to 65.9%, 68.7% in 2021 and 66.5% in 2022.

Entering 2023, although in the first half of the year, the growth rates of national per capita disposable income and national per capita consumer expenditure were 5.8% and 7.6%, respectively (both after deducting price factors), the ratio of the two further declined to 64.8%.

In this context, how should we interpret the rise in the income of domestic residents? What role does rising household income play in promoting consumption? What are the difficulties facing the growth of household income at present? And to further enhance the future income of residents, what should we proceed with?

Based on these facts, the purpose of this article is to perform a quantitative examination of how the urban industrial structure affects the income of citizens. It attempts to utilize longitudinal data and pays attention to social group differences by conducting focused and classified analyses. This research will provide quantifiable data and indicators to help policymakers and urban planners gain a better understanding of the mechanisms through which urban industrial structure affects citizen income. It will shed light on the contributions and disparities of different industries towards citizen income, enabling the formulation of more scientific and effective policy measures to promote industrial structural adjustments and optimization, thereby improving citizens' income levels and quality of life.

It is important to note that the impact of urban industrial structure on citizen income can have both positive and negative aspects.

2. Hypothesis

Urban areas, as the engines of economic development, the characteristics of their industrial structure significantly influence the economic conditions of residents. The diversity and development level of urban industrial structures not only reflect the vitality of a region's economy but also directly relate to the income levels of residents.

If a city's industrial structure is more diversified and high-value-added, there may be more job opportunities available to residents[11], thereby increasing their sources of income. Different industries also exhibit significant differences in wage levels[12]. High-tech and high value-added industries often offer higher salaries, while traditional industries may have lower wages. Therefore, optimizing urban industrial structures may elevate the average income levels of residents. Furthermore, a diverse and effective industrial structure supports the urban economy's consistent expansion, thereby boosting the overall income levels of residents. Different municipal governments typically adjust the industrial structures of their cities to promote economic development and improve residents' living standards.

Considering these facts, we propose Hypothesis 1:

Hypothesis 1: An enhancement in urban industrial structures will significantly and positively impact the incomes of urban residents.

The urban industrial structure is a significant component that influences the income levels of people. It has an immediate impact on the economic situation of urban residents and also has an impact on the income levels of rural residents. With the advancement of urban-rural integration in China, the impact of urban industrial structure on rural residents' income has gradually garnered attention. Building upon Hypothesis 1, we further investigate the impact of urban industrial structure on the income of rural residents.

The optimization of urban industrial structure often leads to increased job opportunities, with urban residents more likely to benefit from emerging and high-value-added industries. Rural residents, however, may encounter barriers to entry into the urban job market and issues related to inadequate skills matching, resulting in income growth that is less than that of urban residents. Furthermore, emerging and high-tech industries in urban areas typically offer higher salaries, while rural residents employed in urban areas often engage in labor-intensive and low-skilled jobs with relatively lower wage levels. Despite the positive impact of urban industrial structure on rural residents' income, its marginal effect is relatively smaller compared to urban residents.

Considering these facts, we propose Hypothesis 2:

Hypothesis 2: Urban industrial structure also significantly

benefits rural residents' income positively, albeit with a marginal effect smaller than that for urban residents.

Following our second hypothesis, the urban industrial structure also exerts a significant positive impact on rural residents' income, albeit with a smaller marginal effect compared to urban residents.This suggests that improving the urban industrial structure could, to some extent, aid in promoting economic development among rural residents and reducing the income gap between urban and rural areas.

Considering these facts, we propose Hypothesis 3:

Hypothesis 3: The enhancement of urban industrial structure will notably diminish the urban-rural income disparity in the respective region.

The optimization and adjustment of the industrial composition and structure within a region or country is known as industrial structure rationalization, with the goal of maximizing overall economic efficiency and competitiveness. The goal is to achieve the coordinated growth of industries and the efficient allocation of production factors. Industrial structure upgrading entails the transformation and advancement of industries from traditional, low-value-added sectors towards high-tech, high-value-added industries, encompassing technological innovation, product advancements, and the development of the service sector, all aimed at increasing industrial value-added and the overall level of the national economy. By enhancing the quality and efficiency of the industrial structure, not only can more opportunities be brought to urban residents, but it also contributes to raising the income levels of rural residents, thereby progressively achieving a balance in urban-rural income differentials. Building on the previously mentioned theory, we find that the industrial structure of cities has a positive and statistically significant effect on the income of its inhabitants. Furthermore, we conclude that one effective way to narrow the income gap between urban and rural areas would be to modernize and rationalize the industrial structure.

Considering these facts, we propose Hypothesis 4:

Hypothesis 4: The rationalization and upgrading of industrial structure significantly reduce the urban-rural income gap in a given region.

If the above hypothesis holds, it would indicate that the urban-rural income gap is greatly impacted by the upgrading and rationalization of industrial structure, with notable variations in the effects of different industrial structure proportions on residents' income and the urban-rural income gap. An in-depth exploration of the influence of different industrial sectors on urban residents' income, especially the adjustments to the relative shares of the primary, secondary, and tertiary industries, is crucial for understanding the urban-rural income gap. The primary

industry is the main source of income for rural dwellers among the three major sectors; the secondary industry comes in second. In contrast, urban residents mainly rely on the tertiary industry for their income. Relevant studies indicate that the average returns to residents from the primary and secondary industries are lower compared to the tertiary industry.

Considering these facts, we propose Hypothesis 5:

Hypothesis 5: An increase in the proportion of the primary and secondary industries will significantly widen the urban-rural income gap, while an increase in the proportion of the tertiary industry will significantly reduce the urban-rural income gap.

As globalization deepens and market openness increases, import and export trade has become increasingly pivotal in driving China's economic development. In addition to variations in the relative shares of different industry sectors, import and export volume. The increase in import and export volume could potentially induce changes in the industrial structure, thus influencing the urban-rural income gap. However, this effect is not merely direct but may involve a moderating influence, wherein import and export volume play a negative moderating role in industrial structure adjustment. The negative moderating effect of import and export volume in industrial structure adjustment could indirectly lead to economic imbalances between urban and rural areas by impacting industrial structure, technological levels, employment opportunities, and the allocation of financial resources, consequently affecting the disparity in urban-rural incomes.

Considering these facts, we propose Hypothesis 6:

Hypothesis 6: Import and export volume plays a negative moderating effect in reducing the urban-rural income disparity through industrial structure adjustment.

3.Methodology

3.1 Data

The present research used secondary data from the 2003-2022 National Bureau of Statistics, Government Work Report, prefecture-level city Statistics Bureau, City Statistical Yearbook, and Province Statistical Yearbook. Our sample is at the city level, encompassing 5900 cities at the prefecture level nationwide.

3.2 Variables

The main dependent variable in this paper is Citizen income, the source of the Citizen income measurement is 2003-2022 National Bureau of Statistics and prefecture-level city Statistics Bureau. In addition to directly using residents' income as a dependent variable, we further employ the urban-rural income gap to conduct tests. A

reduction in the ratio of urban-rural income gap indicates a positive effect on increasing residents' income due to changes in urban industrial structure.

The independent variables encapsulate the initiatives undertaken by prefecture-level city authorities to bolster residents' income. This comprehensive set comprises 74 variables, encompassing aspects such as the degree of engagement with international markets, urbanization levels, internet accessibility, educational achievements, and various other determinants.

The data is sourced from the 2023-2022 National Bureau of Statistics, Government Work Report, prefecture-level city Statistics Bureau, City Statistical Yearbook and Province Statistical Yearbook.

3.3 Model

Hence, the main basic empirical equation is a fixed effect panel-data model as below:

$$Citizenincome_{it} = a_1 + a_2 Industrystructure_{it} + \beta X_{it} +$$
$$year_t + V_{it} + \mu_{it} \tag{1}$$

where i and t represent city and time respectively; **Citizenincome**$_{it}$ represents citizen income change quantity; **Industrystructure**$_{it}$ represents local industrial structure; **X** are the control variables; **year**$_t$ is the time fixed effect; **V**$_{it}$ is the individual fixed effect; and **μ**$_{it}$ is the residual.

4. Empirical analysis

Table 1 below shows the regression results of how changes in urban industrial structure affect income of urban residents per person.

Table 1 The effect of Urban industrial structure changes on the income of urban residents per person

	(1)
	The income of urban residents per person
Urban industrial structure	1.0e+05***
	(69.724)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	3961

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 1 shows the that effect of Urban industrial structure changes on the income of urban residents per person is significant at the 1% level, and the absolute value is 102908.5, which indicates that for every 1 increase in the urban industrial structure proportion, the income of urban residents per person will increase by over 10,0000 RMB. This proved Hypothesis 1, which states that the enhancement in urban industrial structures will significantly and positively impact the incomes of urban residents.

Table 2 below shows the regression results of the effect of Urban industrial structure changes on the income of rural residents per person. It shows that the effect of Urban industrial structure changes on the income of rural residents per person is significant at the 1% level, and the absolute value is 44509.11, which indicates that for every 1 increase in the urban industrial structure proportion, the income of rural residents per person will increase by over 40,000 RMB. This proved Hypothesis 2, which states that Urban industrial structure also significantly benefits rural residents' income positively, albeit with a marginal effect smaller than that for urban residents.

Table 2 The effect of Urban industrial structure changes on the income of rural residents per person

	(1)
	Income of rural residents per person
Urban industrial structure	4.5e+04***
	(44.503)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2598

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 3 below shows the regression results of the effect of Urban industrial structure changes on the urban-rural income disparity.It shows that effect of Urban industrial structure changes on the urban-rural income disparity is significant at the 1% level, and the absolute value is -1.198605, which indicates that for every 1 increase in the urban industrial structure proportion, the urban-rural income disparity proportion will decrease by about 1. This validated Hypothesis 3, which holds that the enhancement of urban industrial structure will notably diminish the urban-rural income disparity in the respective region.

Table 3 The effect of Urban industrial structure changes on the urban-rural income disparity

	(1)
	Urban-rural income disparity
Urban industrial structure	-1.199***
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
Control Variables	Yes
N	2597

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 4 and Table 5 below show the rationalization and upgrading of industrial structure on the urban-rural income disparity. Table 4 shows that, at the 1% level, the impact of industrial structure rationalization on the income gap between urban and rural areas is noteworthy. and the absolute value is -0.2127604, which indicates that for every 1 increase in the rationalization of industrial structure proportion, the urban-rural income disparity proportion will decrease by about 0.2. Table 5 shows that the upgrading of industrial structure on the urban-rural income disparity is also at the 1% level, and the absolute value is -0.1938747, which indicates that for every 1 increase in the upgrading of industrial structure proportion, the urban-rural income disparity proportion will decrease by up to 0.2. This proved Hypothesis 4, which claims that the income gap between urban and rural areas in a certain region is significantly reduced by the rationalization and upgrading of the industrial structure.

Table 4 The rationalization of industrial structure on the urban-rural income disparity

	(1)
	Urban-rural income disparity
The rationalization of industrial structure	-0.213***
	(-6.767)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2625

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 5 The upgrading of the industrial structure on the urban-rural income disparity

	(1)
	Urban-rural income disparity
The upgrading of the industrial structure	-0.194***
	(-24.627)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2634

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Tables 6, 7, and 8 illustrate the effect of an increase in the GPA of the primary, secondary, and tertiary industries on the urban-rural income disparity. Tables 6 and 7 demonstrate that the impact of an increase in the GPA of the primary and secondary industries on the urban-rural income disparity is significant at the 5% and 1% levels. The absolute values are -0.0037873 and 0.012488, indicating that for every 10,000 RMB increase in the GPA of the primary and secondary industries, the urban-rural income disparity proportion will change by less than 0.02 units.

Table 8 reveals that the impact of an increase in the GPA of the tertiary industry on the urban-rural income disparity is noteworthy at the 1% level, with an absolute value of -0.0120674. This suggests that for every 10,000 RMB increase in the GPA of the tertiary industry, the urban-rural income disparity proportion will decrease by about 0.01 units. This confirms Hypothesis 3, which posits that while a rise in the tertiary industry will greatly reduce the urban-rural income gap, an increase in the primary and secondary industries will significantly widen it.

Table 6 The effect of an increase in the GPA of the primary industry on the urban-rural income disparity

	(1)
	Urban-rural income disparity
Increase in the GPA of the primary industry	0.004**
	(2.454)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2634

t statistics in parentheses
$^{*} p < 0.1$, $^{**} p < 0.05$, $^{***} p < 0.01$

Table 7 The effect of an increase in the GPA of the secondary industry on the urban-rural income disparity

	(1)
	Urban-rural income disparity
Increase in the GPA of the secondary industry	0.011***
	(24.734)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2634

t statistics in parentheses
$^{*} p < 0.1$, $^{**} p < 0.05$, $^{***} p < 0.01$

Table 8 The effect of an increase in the GPA of the tertiary industry on the urban-rural income disparity

	(1)
	Urban-rural income disparity
Increase in the GPA of the tertiary industry	-0.012***
	(-26.473)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2634

t statistics in parentheses
$^{*} p < 0.1$, $^{**} p < 0.05$, $^{***} p < 0.01$

Tables 9 and 10 below show the moderating effect that import and export play in reducing the urban-rural income disparity through industrial structure adjustment. The results reveal that this moderating effect is significant at the 1% level, with absolute values of -2.045 and -5.061. This suggests that for every 1 million dollars increase in imports, the urban-rural income disparity proportion will decrease by about 2 units, and for every 1 million yuan increase in exports, the urban-rural income disparity proportion will decrease by about 5 units. Import is defined here as the product of import volume and industrial structure, while export is defined as the product of export

volume and industrial structure. Therefore, this confirms Hypothesis 6, which posits that import and export volume have a detrimental moderating effect on the reduction of the income gap between urban and rural areas through industrial structure adjustment.

Table 9 The moderating effect import plays in reducing the urban-rural income disparity through industrial structure adjustment

	(1)
	Urban-rural income disparity
Import	-2.045***
	(-3.840)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2108

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 10 The moderating effect export plays in reducing the urban-rural income disparity through industrial structure adjustment

	(1)
	Urban-rural income disparity
Export	-5.061***
	(-7.774)
Control Variables	Yes
Time Effect	Yes
Individual Effect	Yes
N	2119

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

5. Conclusion and discussion

This paper reveals how Urban industrial structure changes impact residents' incomes. from a quantitative analysis perspective. Diverging from previous cross-sectional comparative methods, it instead utilizes longitudinal data to uncover the contributions of different industrial structure proportions to citizens' incomes and urban-rural income disparities, providing compelling evidence-based suggestions for government policy formulation.

First, an enhancement in urban industrial structures will significantly and positively impact the incomes of urban residents as well as rural residents, but with a marginal effect smaller than that for urban residents. Therefore, in formulating policies, the government may prioritize promoting the optimization and upgrading of urban industrial structures to achieve broader income growth and economic development. This also implies that as the government endeavors to drive Urban industrial structure reforms, considerations for rural areas should be taken into account to ensure the overall economic development is balanced and sustainable[13].

Second, concerning the long-standing income difference between urban and rural areas, this study proposes that improving urban industrial structures, upgrading urban industrial structures, and rationalizing urban industrial structures can all considerably narrow the income gap between urban and rural areas in the corresponding locations. However, it is crucial to note that an increase in the primary and secondary industries during the improvement of industrial structures may widen the urban-rural income gap locally. Therefore, maintaining a balance in the proportions of the primary, secondary, and tertiary industries is of utmost importance[14].

China's urbanization is at a critical point in its high-quality development, and traditional growth drivers—which depend on external factor input—are progressively eroding. To propel a new wave of industrial development and urbanization transformation, innovation is desperately needed.

To successfully combat the "Baumol cost disease" of industrial change, we must first take advantage of the opportunities presented by the digital economy and the latest wave of technological revolution. Every technological revolution has resulted in a radical redistribution of production elements, including labor, capital, and land. The increasing returns to scale have led to industrial restructuring and pushed urbanization to a new level. The outstanding feature of the new round of technological revolution is digitalization, data has become a new factor, and the digital economy will profoundly transform the production function and lead to the efficiency reform of the production mode, which can greatly improve the productivity of the service industry, such as online courses can be viewed indefinitely, and the economies of scale effect is extremely significant, surpassing the vast majority of manufacturing industries. The vigorous development of the digital economy makes it possible for the urban labor force to "not slow down", "less slow down" or even "speed up" in the process of transferring from the manufacturing industry with higher productivity to the service industry.

Secondly, regarding improving the sustainability and inclusivity of urban governance. Basic urban public services, which has become an important constraint on urban industrial transformation and upgrading, high-quality urbanization and even expanding domestic demand in the new development stage. It is suggested to promote the citizenization and urban integration of migrant workers and other groups through two key reforms, namely affordable housing and equal schooling for their children, to provide effective human capital guarantee for industrial upgrading. Improve the efficiency of urban governance and the sustainability of urban development with digital governance, build an intelligent system of "urban brain", strengthen the inventory of urban stock resources, optimize the supply of urban resources and services at the time and space scale, and better match and meet the aspirations of residents for a better urban life.

Third, promote the formation of a dynamic and benign interactive pattern between industrial development and urban governance. Industrial development attracts population inflow, leading to new governance needs, and also provides necessary financial support for urban infrastructure and public services, while urban governance provides a good order and environment for industrial development. High-quality infrastructure and public services are also important factors in attracting immigrants to cities. The interaction between industrial development and urban governance is long-term and dynamic, and cannot be achieved in one fight. The market should be allowed to play its natural function in resource allocation, and the government's guiding role in industrial policy and planning should be carefully considered, encourage innovation and provide a stable institutional and policy environment for entrepreneurs to carry out sustained innovation, and dynamically, timely and effectively respond to public governance challenges in the process of urban development.

It is unrealistic to try to boost income by stimulating consumption. The basic principle of economics is that income determines consumption, and if income does not rise, what can be used to increase consumption? Even if some households can use past savings to increase consumption, it is not sustainable. Therefore, it is difficult to stimulate consumption without raising incomes.

For low-income people, trying to stimulate their consumption is unrealistic, as some of them are in a state of debt consumption; For the middle-income group, face the problem of employment and income instability, combined with the increasing burden of household expenditure, it is not realistic to let this group increase consumption; For high-income groups, it is difficult to stimulate their consumption behavior through some measures, and high-income groups are a minority group after all, unlikely to play an important role in promoting social consumption power.

Therefore, to improve residents' income, we must return to the source: to improve the economic growth rate. For example, in the past, China's economy relied heavily on the international market and was an export-oriented economy. In the context of declining or even negative growth of foreign trade, how to expand trade with various countries, especially Western developed countries, we need to deal with international relations, geopolitics and other issues. Of course, it will take some time to find a solution to this issue. Both tremendous strategy and great insight are needed.

Second, income growth through investment. Investment is divided into state-owned capital investment and private investment two parts, now the decline in private investment is very large, the growth rate of private investment fell month by month in the first August, to a cumulative growth rate of -0.7% in August. The principal factor contributing to the reduction in the growth rate of private investment is the absence of trust in private capital.

Thus, regaining trust in private investment is now the most crucial task. The central level is also very anxious about this, and continues to introduce policies to encourage the development of private enterprises. From this

point of view, we need to step up reform efforts and put "comprehensively deepening reform" into practice. At present, many reforms remain in rhetoric, but there are no concrete measures. The confidence of ordinary people and entrepreneurs comes from what the government does, not what it says it will do. So the next step is to implement some serious reforms.

Only by further restoring the confidence of the whole society will further economic development be possible. In addition, we also need some specific policies to stimulate the growth of residents' income. The initial distribution of GDP, is distributed by the government, enterprises, and individuals. Therefore, based on expanding the market pie, it is imperative that we focus more on finding quick ways to boost low-income groups' incomes. At the same time, the share allocated by the government should be appropriately reduced, and the share of some financial enterprises should also be appropriately reduced. Second, continue to raise incomes through redistribution.

In addition, in the government's public finance expenditure, the expenditure structure should be adjusted. In the past, some local governments tossed around and implemented some image projects and face projects, which were all a waste of social resources. If these expenditures can be used directly to improve people's livelihood, such as improving the quality of education, medical and health care, and increasing social welfare, people's confidence will also be enhanced and their consumption will be boosted.

Finally, if the purpose of increasing income is to stimulate consumption, it is necessary to pay more attention to how to increase the income of low-income groups as soon as possible. The growth of their income can significantly lead to the growth of consumption, thus forming a virtuous circle in the economy.

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